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SUBJECT: 2009 AGOA FORUM UPDATE

REFS: (A) 01-29-2009 YOUNG-MALLORY EMAIL, (B) 09 NAIROBI 0049
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(F) 08 NAIROBI 2224, (G) 08 NAIROBI 2005, (H) 08 NAIROBI 1692

11. This cable is not/not for internet distribution.

12. Summary. The Government of Kenya (GOK) continues to plan for the upcoming 2009 AGOA Forum scheduled for Nairobi the week of August 3, 2009. The GOK has proposed August 4-6 as the specific dates within that week for the three-day affair. At the same time, Kenya forum planners also suggest that the private sector (and presumably the civil society) program take place on the first day to allow for its members' input to be considered by African and U.S. government officials over the final two days. Proposed program details are below. Organizers are looking forward to the early February visit of the State Department's AF/EX advance team to go over logistical arrangements as well as the possible mid-March interagency visit. GOK officials confirmed that new Trade Minister Amos Kimunya has replaced Deputy PM and new Finance Minister Uhuru Kenyatta as the lead minister for the AGOA Forum. The next GOK AGOA Forum Preparatory Committee meeting is scheduled for Thursday, February 12. End summary.

New Kenyan Lead Minister for AGOA Forum

13. At the conclusion of the Government of Kenya's (GOK's) January 29 AGOA Forum preparatory committee meeting, Vice Chairman Richard Sindiga confirmed that Deputy Prime Minister Uhuru Kenyatta is no longer the lead minister for the AGOA Forum. In his stead, former finance minister Amos Kimunya has taken over as trade minister and, as a result, now heads GOK preparations for the forum. On January 23, Kenyan President Mwai Kibaki unexpectedly named Kenyatta as finance minister and Kimunya as trade minister. Kimunya resigned as finance minister last July after Parliament passed a no-confidence vote against him when it learned that he had allegedly lied about an

imminent secret sale of a government-owned property, the Grand Regency Hotel, to a Libyan group in violation of the Public Procurement and Disposal Act. (Note: A yet-to-be-released inquiry, the "Cockar Commission Report," reportedly concludes that Kimunya did, in fact, mislead Parliament in late April 2008 about the hotel sale. While the Cockar Commission Report does not hold Kimunya accountable for the sale per se, it does fault him for not opposing the sale and failing to require that it be tendered as required under the Public Procurement and Disposal Act. See refs G-H and septel. End Note.)

Specific Forum Dates

14. During the January 29 meeting, the GOK proposed that the three-day forum should be held August 4-6 in Nairobi, giving us specific dates within the original August 3-7 window. Following a suggestion from the private sector subcommittee, the preparatory committee agreed to propose that day one be devoted to the private sector/civil society; day two to a conclave of African trade ministers; and day three to the USA-Africa Ministerial. The theme of the 2009 AGOA Forum would be "Realizing the Full Potential of AGOA: Bridging the Gap."

15. Economic Counselor said he would seek Washington's concurrence with the proposed specific dates of August 4, 5, and 6. E/C informed preparatory committee members that the Ambassador and other senior US Embassy officials are reviewing the GOK's suggested joint press statement announcing the forum. Once the Ambassador gives his approval, the US Mission will seek Washington's concurrence.

16. E/C also informed Sindiga and the preparatory committee that the State Department will send an advance team to Kenya the week of February 9 to meet with committee members responsible for logistics.

E/C noted that a larger USG interagency team would likely visit Kenya in mid-March. The Kenyans welcomed the announcements of the USG visits and said they look forward to working with their DC counterparts in firming up logistical arrangements and the forum's agenda. Both E/C and GSO officer emphasized that the USG would like to see rapid progress on badging and accreditation procedures. In response, the GOK Conference Subcommittee, led by a Kenyatta International Convention Centre (KICC) representative, promised it would come back to the full preparatory committee at the next meeting (February 12) with additional information on plans for badging and accreditation.

GOK Program Suggestions - Private Sector Day and U.S./Africa Day

17. The GOK tentatively supports the suggestion by the Private Sector Subcommittee to devote the first day of the three-day forum to the private sector session. While there was no discussion of when the civil society session would take place, all of the GOK's previous information has placed the private sector and civil society programs on the same day. The private sector is seeking a day one program so that its representatives will be well placed to provide input to the programs on days two (Africa Ministerial) and three (Africa/U.S. Ministerial). The private sector is also proposing that it host a reception the evening of day one, and breakfasts for the African Ministers and the U.S. delegation at the start of each of the next two days as well as a lunch on day three.

18. Private sector program suggestions: Following an opening plenary of 30 minutes on day one, the private sector proposes the following:

-- Plenary 1 (morning): Sustainability of AGOA - What next beyond 2015?

-- Breakout sessions (morning; each sector would address what the private sector wants to achieve under AGOA, successes and challenges so far, and specific recommendations to bring to the attention of African and U.S. Ministers):

- (a) Energy
- (b) Fresh Produce (flowers, fruits, vegetables)
- (c) Tourism

- (d) Textile and Apparel
- (e) Coffee, Tea, Commodities
- (f) Health
- (g) Category 9 market access

-- Plenary 2 (afternoon): Competitiveness of African Suppliers: Infrastructure concerns (road, railway, airport, port, energy)

-- Breakout Sessions (afternoon):

- (a) Information and Communication Technology
- (b) Diversification and Value-addition
- (c) Finance and Insurance (realizing the promise of existing financial instruments (EXIM, OPIC, USTDA), the challenge of tied assistance; insurance instruments)
- (d) Research and Development - Organic vs. Genetically Modified Foods
- (e) Enterprise Development
- (f) Market Access and Market Development

19. For day three (the U.S./Africa Ministerial Day), the GOK's technical subcommittee has also proposed a program. Please note that day two, at this stage, would likely end with a "bush dinner" in Nairobi National Park or some other gala dinner hosted by the GOK. The draft program, following an opening plenary session, is as follows:

-- Plenary 1 (morning): AGOA eight years on: Successes, Challenges, and Prospects. Presentations on a regional basis - e.g. EAC, ECOWAS, SADC, and COMESA.

-- Breakout Sessions (morning):

Session 1 - trade and investment in agriculture. The session will look into the need for value addition and challenges as well as challenges and opportunities for investment in agribusiness.

Session 2 - trade and investment in textile and apparel. This session will look into:

- (a) AGOA challenges - reasons for declining textile exports under AGOA, including the impact of removal of China safeguard measures and the NPDA bill.
- (b) Category 9 - the status of utilization of this category vs. others, challenges that have been encountered, steps that SSA countries can take to enjoy this facility as well as improve utilization.
- (c) Vertical integration barriers to investment and remedial measures.

Session 3 - SMES programs and access to finance. SMES play an important role in the economic development of African countries. The session will therefore look at what programs the African governments have put into place to promote SMES in addition to access to finance.

Session 4 - Trade and investment in the energy sector. The session will look at oil exploration and trade, and alternative sources of energy.

Session 5 - Contemporary global challenges. The session will look at the following and how they affect trade and investment: global warming, security bio-terrorism and piracy, and the global economic recession.

Session 6 - Regulatory regimes. The session will look at the U.S. regulatory regimes and their effect on AGOA. Presentation from APHIS Regional hubs and FDA among others on the following will be vital - quality standards and SPS.

-- Plenary 2 (afternoon): Exploiting AGOA for maximum benefits

-- Breakout sessions (afternoon):

Session 1 - Enhancing competitiveness. This session will look at supply side constraints, human and technical capacity building,

necessary government incentives/subsidies, and regional integration.

Session 2 - Enabling private investment. This session will look at private/public partnerships for enhanced trade and investment under AGOA, a conducive investment environment, e.g. the importance of an enabling policy framework for investments, and attracting U.S. FDI flows.

Session 3 - Market development. This session will look at product/regional promotion (i.e. the need for strategic and joint marketing programs for SSA, existing support programs (e.g. the hubs), and product development and the importance of branding and image.

Session 4 - Investment in infrastructure. This session will look at what governments have done in this sector which is crucial for trade, particularly in the areas of transport (roads, rail, airports, and ports), and ICT.

Session 5 - Technical assistance and the role of aid for trade and investment.

Private Sector Exhibition

110. The private sector subcommittee is also working with the conference subcommittee to put together a product exhibition to coincide with the AGOA Forum and which will be held on the grounds of the KICC. The private sector subcommittee describes their broad objective as "mobilizing both African and U.S. AGOA private sector beneficiaries to participate in the Exhibition in a manner that will deepen not only Kenyan but also African exports to the U.S. market."

The private sector subcommittee is headed up by the Kenyan Association of Manufacturers (KAM) and includes the American Chamber of Commerce in Kenya (ACCK). The subcommittee is aware of the Corporate Council on Africa's (CCA) interest in the forum and is seeking to reach out to it and other U.S. business organizations.

Ranneberger